

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3344-01
Bill No.: HB 1254
Subject: Banks and Financial Institutions, Consumer Protection, Housing
Type: Original
Date: March 7, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development-** Finance Division assume the additional duties for the Commissioner of Finance are small enough they can be handled by existing resources.

Officials from the **Department of Economic Development-** Credit Union Division and **Department of Insurance** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Oversight assumes that small business dealing in home loans could have fiscal impact.

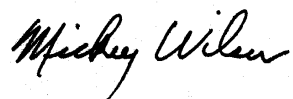
DESCRIPTION

This proposal would regulate high-cost home loans and establish certain lender reporting requirements. The high-cost loans are defined by the by reference to interest rate, points, and fees. This bill would prohibit specific practices, including prepayment penalties, issuing high-cost loans stipulating negative amortization, "flipping," making misleading statements about a residential home loan transaction, and compensating or intimidating appraisers to influence their judgment with regard to the value of the real estate. This proposal would also penalize persons who in bad faith attempt to avoid application of the provisions. The potential violators of the proposal would be subject to forfeiture of all principal and interest on loans made in violation. The proposal would require lenders, including those with certain federal reporting exemptions, to report to the Director of the Division of Finance the number, amounts, and average interest rates of several types of loans made by the lender for the calendar year grouped by borrowers' census tract, income level, racial characteristics, and gender. The provisions of the bill would be effective on January 1, 2003.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Credit Unions
 Division of Finance
Department of Insurance

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 7, 2002